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SECURITIES AND EXCHANGE COMMISSION
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

DIVISION OF MARKET REGULATION

SEC FILE NUMBER
8- 38164

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING November 1, 2003 AND ENDING October 31, 2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AMERICAN INVESTORS GROUP, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

10237 YELLOW CIRCLE DRIVE

(No. and Street)

MINNETONKA

(City)

MN

(State)

55343

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Scott J. Marquis

(952) 252-0909

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BOULAY, HEUTMAKER, ZIBELL & CO., P.L.L.P.

(Name - if individual, state last, first, middle name)

7500 FLYING CLOUD DRIVE, SUITE 800

(Address)

MINNEAPOLIS, MN

(City)

55344

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED
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THOMSON
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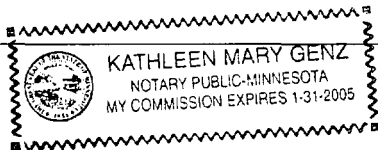
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, SCOTT J. MARQUIS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AMERICAN INVESTORS GROUP, INC., as of OCTOBER 31, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Scott J. Marquis
Signature
CHIEF FINANCIAL & OPERATING OFFICER
Title

Kathleen M. Genz
Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

AMERICAN INVESTORS GROUP, INC.

Minnetonka, Minnesota

Financial Statements

Years Ended October 31, 2004 and 2003

AMERICAN INVESTORS GROUP, INC.

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Boulay, Heutmaker, Zibell & Co. P.L.L.P.
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Accounting Firms with Offices in Principal Cities



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
American Investors Group, Inc.
Minnetonka, Minnesota

We have audited the accompanying statement of financial condition of American Investors Group, Inc. as of October 31, 2004 and 2003 and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Investors Group, Inc. as of October 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Boulay, Heutmaker, Zibell & Co. P.L.L.P.
Certified Public Accountants

Minneapolis, Minnesota
November 24, 2004

AMERICAN INVESTORS GROUP, INC.

Statement of Financial Condition

ASSETS	October 31	
	2004	2003
Cash and cash equivalents	\$ 221,013	\$ 410,140
Broker dealer receivables	10,624	8,753
Accounts receivable	47,584	
Due from customer		6,000
Investments	456,785	383,379
Prepaid expenses	9,478	10,289
Office furniture and equipment, net of accumulated depreciation of \$187,714 in 2004 and \$149,602 in 2003	<u>89,039</u>	<u>68,924</u>
Total assets	<u>\$ 834,523</u>	<u>\$ 887,485</u>

Notes to Financial Statements are an integral part of this Statement.

AMERICAN INVESTORS GROUP, INC.

Statement of Financial Condition

LIABILITIES AND STOCKHOLDER'S EQUITY	October 31	
	2004	2003
Liabilities		
Accounts payable	\$ 1,010	\$ 7,830
Accrued compensation	91,035	153,202
Accrued 401(k) and profit sharing	20,000	40,000
Due to parent	13,000	
Total liabilities	125,045	201,032
 Commitments and Contingencies		
 Stockholder's Equity		
Common stock, Class B, voting, no par value:		
Authorized, 2,000 shares, issued and outstanding, 940 shares	940	940
Additional paid-in capital	454,060	454,060
Retained earnings	254,478	231,453
Total stockholder's equity	709,478	686,453
Total liabilities and stockholder's equity	\$ 834,523	\$ 887,485

Notes to Financial Statements are an integral part of this Statement.

AMERICAN INVESTORS GROUP, INC.

Statement of Operations

	Years Ended October 31	
	2004	2003
Revenues		
Underwriting	\$ 2,484,228	\$ 3,001,988
Commissions		
Equities	12,021	9,812
Fixed income products	57,941	68,443
Revenue insurance and variable trust	345	18,268
Mutual fund shares	123,001	123,081
Other	416,741	453,763
Realized and unrealized gains on investments	22,448	212,774
Interest	135,251	62,208
Total revenues	<u>3,251,976</u>	<u>3,950,337</u>
Expenses		
Consulting fees to parent	512,000	346,000
Employee compensation and benefits	1,089,068	1,256,180
Commissions	1,070,107	1,420,879
Licensing, registration and education	74,076	99,096
Occupancy and equipment expense	170,394	139,560
Legal and professional	24,448	28,561
General and administrative	175,735	247,614
Advertising and publications	10,293	38,890
Travel and entertainment	32,478	32,928
Realized and unrealized losses on investments	31,565	
Other, net	25,787	11,368
Total expenses	<u>3,215,951</u>	<u>3,621,076</u>
Income Before Provision for Income Taxes	36,025	329,261
Provision for Income Taxes	13,000	140,000
Net Income	\$ 23,025	\$ 189,261

Notes to Financial Statements are an integral part of this Statement.

AMERICAN INVESTORS GROUP, INC.

Statement of Changes in Stockholder's Equity

Years Ended October 31, 2004 and 2003

	Common Stock	Additional Paid-In Capital	Retained Earnings
Balance - October 31, 2002	\$ 940	\$ 454,060	\$ 42,192
Net income			189,261
Balance - October 31, 2003	940	454,060	231,453
Net income			23,025
Balance - October 31, 2004	<u>\$ 940</u>	<u>\$ 454,060</u>	<u>\$ 254,478</u>

Notes to Financial Statements are an integral part of this Statement.

AMERICAN INVESTORS GROUP, INC.

Statement of Cash Flows

	Years Ended October 31	
	2004	2003
Cash Flows from Operating Activities		
Net income	\$ 23,025	\$ 189,261
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	38,112	60,912
Realized/unrealized losses (gains)	9,117	(212,774)
Deferred tax liability		(4,000)
Due to parent	13,000	
Changes in assets and liabilities		
Receivables	(49,455)	(8,683)
Investments	(82,523)	(2,953)
Prepaid expenses/deposits	811	7,467
Payables	(6,820)	(1,687)
Accrued compensation, 401(k) and profit sharing	(82,167)	98,109
Due to customers	6,000	(7,000)
Net cash (used for) from operating activities	<u>(130,900)</u>	<u>118,652</u>
Cash Flows Used for Investing Activities		
Capital expenditures	<u>(58,227)</u>	<u>(18,744)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(189,127)	99,908
Cash and Cash Equivalents - Beginning of Year	<u>410,140</u>	<u>310,232</u>
Cash and Cash Equivalents - End of Year	<u>\$ 221,013</u>	<u>\$ 410,140</u>
 Cash payments for income taxes	 <u>\$ -</u>	 <u>\$ -</u>

Notes to Financial Statements are an integral part of this Statement.

Notes to Financial Statements

October 31, 2004 and 2003

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES*Nature of Business*

The Company is a general securities broker-dealer which primarily underwrites bonds for not-for-profit religious institutions throughout the United States. The Company's major source of income is underwriting fees earned from the issuance of church bonds. Revenue is recognized as the bonds are issued.

The Company's Class B stock is owned 100 percent by Apostle Holdings Corp. and the Company is a wholly owned subsidiary of Apostle Holdings Corp.

Security Transactions

In accordance with recognized industry practice, customers' securities transactions are recorded on a settlement date basis, generally the third business day following the transaction date. Securities transactions of the Company are recorded on a trade date basis. Revenues and related expenses for transactions executed but not yet settled were not material.

Financial Instruments with Off-Balance-Sheet Risk and Concentration of Credit Risk

In the normal course of business, the Company's customers and correspondent clearing activities involve the execution and settlement of customers' securities transactions. These activities may result in off-balance-sheet credit risk in the event the customers are unable to fulfill their contracted obligations. Customer securities transactions are generally transacted on a cash basis. Should the customers be unable to satisfy their obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customers' obligations. As discussed above, customers' securities transactions are recorded on a settlement date basis (generally the third business day after the date a transaction is executed) in accordance with industry practice. The risk of loss associated with transactions executed but not yet settled is similar to settled transactions in that it relates to customers' and brokers' inability to meet the terms of their contracts.

Notes to Financial Statements

October 31, 2004 and 2003

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

At times throughout the year, the Company's cash in financial institutions may exceed FDIC insurance limits. The Company has not experienced any losses in such accounts.

Cash equivalents include \$19,200 and \$27,575 in 2004 and 2003, respectively, invested in money market accounts which are not FDIC insured.

Financial Instruments

The Company's financial instruments are cash and investments, which approximate fair value at October 31, 2004 and 2003.

Advertising

The Company expenses advertising costs when incurred. Total advertising costs were approximately \$8,913 and \$36,000 for the years ended October 31, 2004 and 2003, respectively.

Office Furniture and Equipment

Office furniture and equipment are stated at the lower of cost or estimated fair value. Depreciation and amortization are provided over estimated useful lives by use of the straight-line method. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized.

Notes to Financial Statements

October 31, 2004 and 2003

Intangible Assets

Intangible assets represented membership fees with the National Association of Securities Dealers (NASD) and a customer list. The intangible assets were amortized by means of the straight-line method over 40 years for the NASD membership and 15 years for the customer list. During fiscal 2003, the Company wrote off the remaining balance of \$15,000 and \$14,375, respectively. These amounts are included in amortization expense for the year ended October 31, 2003.

Income Taxes

The Company files consolidated income tax returns with its parent, Apostle Holdings Corp. in fiscal 2004 and 2003. Income taxes are provided for the tax effects of transactions reported in the Company's financial statements and consist of taxes currently due plus deferred taxes primarily due to differences between the bases of property and equipment and intangible assets for financial and income tax reporting at October 31, 2004. The tax provision differs from the expense that would result from applying Federal statutory rates to income before income taxes due to the effect of state income taxes and because certain expenses are deducted for financial reporting that are not deductible for tax purposes.

Since the parent company has responsibility for the payment of income taxes, amounts representing current income taxes payable or receivable are included in an inter-company account with the parent and are reflected in the discretionary portion of consulting fees to the parent.

2. INVESTMENTS

The Company purchases debt and equity securities for resale to customers and for its own account. The Company classifies its debt and equity securities investments as "trading" since the Company is a securities broker/dealer. The debt securities are carried at market value, which approximates cost. The equity securities are carried at market value, which is based on quoted values. Gains and losses are reported in earnings.

The debt securities are primarily private church bonds without a ready market value. The Company received interest payments on these bonds of \$818 and \$463 in 2004 and 2003, respectively. Interest on bonds varies from 10.00% to 12.75% and maturity dates are from current to August 15, 2020.

The equity securities are primarily stocks that are traded on the National Association of Securities Dealers Automatic Quotation System (NASDAQ) exchange.

Notes to Financial Statements

October 31, 2004 and 2003

The cost and fair value of the Company's investments held for resale at October 31, 2004 and 2003 are as follows:

	Cost	Estimated Fair Value
<u>October 31, 2004</u>		
Church bonds	\$ 7,860	\$ 7,860
Equity securities	480,490	448,925
	<u>\$ 488,350</u>	<u>\$ 456,785</u>
 <u>October 31, 2003</u>		
Church bonds	\$ 11,860	\$ 11,860
Equity securities	188,170	371,519
	<u>\$ 200,030</u>	<u>\$ 383,379</u>

Unrealized losses on investments held for resale were \$31,565 in 2004 and unrealized gains were \$183,349 in 2003. Realized gains on investments held for resale were \$22,448 and \$29,425 in 2004 and 2003, respectively.

3. STOCKHOLDER'S EQUITY AND REDEEMABLE PREFERRED STOCK

In addition to the Class B common stock, the Company had two classes of preferred stock, Class A and Class AA. Class A stock has 500,000 shares authorized while Class AA stock has 200,000 shares authorized.

Holders of Class A stock are entitled to such dividends as may be declared by the Board of Directors. Class A stock may be redeemed at the option of the Company for \$1 per share. At October 31, 2004 and 2003 no Class A stock was outstanding.

Holders of Class AA stock are entitled to an 8% non-cumulative dividend at the discretion of the Board of Directors. Class AA stock may be redeemed at the option of the Company for \$1.20 per share. Holders of Class AA stock may exercise a "put option" for up to 2,500 shares per year at a put price of \$1 per share. The holders of these shares are to be Company employees. Upon termination of employment, the Company must redeem their shares for \$1.20 per share. At October 31, 2004 and 2003, no Class AA stock was outstanding.

Notes to Financial Statements

October 31, 2004 and 2003

4. COMMITMENTS AND CONTINGENCIESNet Capital Rule

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of a minimum amount of net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed fifteen to one. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed ten to one. Net capital and the related net capital ratio fluctuate on a daily basis; however, at October 31, 2004 and 2003, the net capital ratio, net capital and excess net capital are as follows:

	<u>2004</u>	<u>2003</u>
Net capital ratio	0.24:1	0.38:1
Net capital	\$ 522,347	\$ 528,229
Excess net capital	\$ 272,347	\$ 278,229

5. INCOME TAXES

The income tax provision consists of the following components at October 31:

	<u>2004</u>	<u>2003</u>
Current	\$ 13,000	\$ 140,000
Deferred	-	-
Total tax expense	<u>\$ 13,000</u>	<u>\$ 140,000</u>

The tax provision differs from the expense that would result from applying Federal statutory rates to income before income taxes due to the effect of state income taxes and because certain expenses are deductible for financial reporting that are not deductible for tax purposes.

6. EMPLOYEE BENEFIT PLAN

The Company has a profit-sharing and 401(k) plan covering substantially all employees. In fiscal 2004, the Company contributed approximately \$20,000 to the plan. In fiscal 2003, the Company contributed approximately \$40,000 to the plan.

7. RELATED PARTY TRANSACTIONS

The Company leases office space from its parent, Apostle Holdings Corp. under a month-to-month rental agreement. The rent expense to Apostle Holdings Corp. totaled \$96,000 in fiscal 2004 and \$80,000 in 2003.

The Company has a consulting agreement with its parent, Apostle Holdings Corp. A base consulting fee of \$20,000 and \$15,000 per month was paid to Apostle Holdings Corp. in fiscal 2004 and 2003, respectively. At management's discretion, additional consulting fees could be paid to Apostle Holdings Corp. Total consulting fees paid to Apostle Holdings Corp., for the years ended October 31, 2004 and 2003 were \$512,000 and \$346,000, respectively.

The Company earned underwriting commissions of \$213,367 and \$524,742 from American Church Mortgage Company, an entity related by common management, during fiscal 2004 and 2003, respectively.

The Company has a receivable at October 31, 2004 of \$29,000 from American Church Mortgage Company, an entity related by common management, for reimbursable expenses. There was no receivable from American Church Mortgage Company at October 31, 2003.



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON SUPPLEMENTARY FINANCIAL INFORMATION

Board of Directors
American Investors Group, Inc.
Minnetonka, Minnesota

We have audited the financial statements of American Investors Group, Inc. as of October 31, 2004 and 2003, and have issued our report thereon dated November 24, 2004. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on the following pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Boulay, Heutmaker, Zibell & Co. P.L.L.P.
Certified Public Accountants

Minneapolis, Minnesota
November 24, 2004

AMERICAN INVESTORS GROUP, INC.

Computation of Aggregate Indebtedness and Net Capital under Rule 15c3-1

October 31, 2004

Net Capital	
Total stockholder's equity	\$ 709,478
Deductions:	
Non-allowable accounts receivable	2,159
Prepaid expenses	9,478
Equipment, net of accumulated depreciation	89,039
Secondary investments	11,700
Haircut on other securities	74,755
	<u>187,131</u>
Net Capital	<u>\$ 522,347</u>
Aggregate Indebtedness:	
Total liabilities from balance sheet	\$ 125,045
Computation of basic net capital requirement:	
Minimum net capital required	\$ 250,000
Excess net capital	\$ 272,347
Ratio of aggregate indebtedness to net capital	0.24:1

No reconciliations deemed necessary since no material differences were noted.

See Report of Independent Registered Public Accounting Firm on Supplementary Financial Information.

AMERICAN INVESTORS GROUP, INC.

Computation for Determination of Reserve Requirements under Rule 15c3-3

October 31, 2004

Reserve Requirement	\$	-
Reserve Bank Account	\$	60,531
Reserve Excess	\$	60,531

No reconciliations deemed necessary since no material differences were noted.

See Report of Independent Registered Public Accounting Firm on Supplementary Financial Information.